

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION FOR AUTHORITY FOR LDDS)
COMMUNICATIONS, INC. TO METROMEDIA) CASE NO.
COMMUNICATIONS CORPORATION AND RESURGENS) 93-190
COMMUNICATIONS GROUP, INC.)

O R D E R

On May 18, 1993, LDDS Communications, Inc. ("LDDS") and its Kentucky operating subsidiaries Metromedia Communications Corporation ("MCC") and Resurgens Communications Group, Inc. ("Resurgens") hereinafter referred to collectively as ("Joint Applicants") filed an application pursuant to KRS 278.020(4) and (5) and KRS 278.300 requesting approval of a transaction wherein LDDS will merge into and with M/R Corporation ("M/R Corp."). Joint Applicants also request approval for related financial transactions involving debt obligations, issuance of securities and a corporate name change, hereinafter referred to as ("proposed transaction").

LDDS, a Tennessee corporation, is the parent company of a number of non-dominant operating subsidiaries that provide long distance services in several jurisdictions. However, LDDS does not hold a Certificate of Public Convenience and Necessity to provide service in Kentucky.

Resurgens is a Georgia corporation which through a subsidiary provides telecommunications services in 21 states. Resurgens does not hold a Certificate of Public Convenience and Necessity to provide service in Kentucky. Information concerning Resurgen's

legal, technical, managerial and financial qualifications to provide service has been filed with this Commission in Case No. 93-062.¹

MCC is a Delaware corporation authorized to provide intrastate, interLATA service in Kentucky.²

Joint Applicants indicate that the first phase of the proposed transaction will occur with MCC and Resurgens merging to form M/R Corp. Subsequent to this event, LDDS and M/R will merge (LDDS merger) and the surviving corporation, M/R will assume the legal name LDDS-Metro Communications, Inc. (LDDS Metro).

After the mergers are accomplished the Certificate of Public Convenience and Necessity held by M/R will then be held by LDDS-Metro. LDDS-Metro will assume and its wholly-owned subsidiaries will execute a guaranty of LDDS's preexisting Credit Facility and Senior Notes. LDDS-Metro also requests approval to issue its securities consisting of Series 1 and Series 2 Preferred Stock.

Joint Applicants state that the proposed transaction will not change the working control of LDDS's Kentucky operating subsidiaries which will continue to provide high quality, affordable service pursuant to their tariffs. Joint Applicants further state that the terms and conditions of service will not be

¹ Case No. 93-062, Joint Application of Metromedia Communications Corporation and Resurgens Communications Group, Inc. for Authorization to Merge, Order dated April 19, 1993.

² Case No. 10200, The Application of United States Transmission Systems, Inc. for a Certificate of Public Convenience and Necessity to Provide Inter-LATA Telecommunications Services Within the State of Kentucky, Order dated June 24, 1988.

altered and that customers will be notified of the change in corporate name. The management team, comprised of LDDS, MCC and Resurgens managers will continue to have the managerial, technical and financial expertise to provide service to the existing Kentucky customers of MCC and LDDS's operating subsidiaries. Joint Applicants state that the merger will enhance LDDS Metro's operational flexibility and financial viability.

Pursuant to KRS 278.020(4), persons under the jurisdiction of the Commission are required to receive Commission approval prior to the acquisition or transfer of ownership or control of a utility. KRS 278.020(5) prohibits any entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval. KRS 278.300 prohibits any utility from issuing securities or evidence of indebtedness, or assuming any obligation or liability in connection with the issuance of securities or debt obligation without prior approval from the Commission.

The Commission finds that KRS 278.020(4) and (5) and KRS 278.300 are applicable to the proposed transaction and that Commission approval is necessary. The Commission finds that Joint Applicants have demonstrated the financial, technical and managerial abilities to provide reasonable service to the public and the proposed transaction is consistent with the requirements of KRS 278.020(4) and (5) and should be approved. The Commission further finds that the proposed financial transactions are for a lawful object within LDDS-Metro's corporate purposes and are

consistent with the requirements of KRS 278.300 and should be approved.

IT IS THEREFORE ORDERED that:

1. The merger of LDDS and M/R, including related financial transactions described in this application, are approved with the surviving entity's name being LDDS-Metro Communications Inc.

2. Within 10 days of the date of the closing, LDDS-Metro Communications, Inc. shall file an executed adoption notice pursuant to 807 KAR 5:011, Section 11.

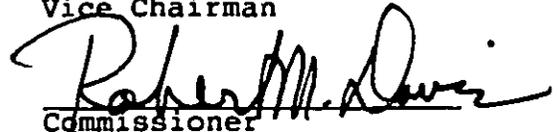
3. LDDS-Metro Communications Inc. shall notify the Commission within 5 days of the closing, or in the alternative shall notify the Commission if the proposed merger and related financial transactions do not occur.

Done at Frankfort, Kentucky, this 13th day of July, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director